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C O N F I D E N T I A L SECTION 01 OF 02 BAGHDAD 004607

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SUBJECT: GOI TRADE MINISTER ON TARIFFS, WTO ACCESSION
PROGRESS, AND INVESTMENT LAW IMPLEMENTATION

REF: A. STATE 140645 B. BAGHDAD 4137

Classified By: Acting Economic Minister-Counselor Edward Kloth for reasons 1.4 (b) and (d)

11. (C) Summary. Minister of Trade Dr. Abdul Falah al-Soudani told Commercial Counselor and Emboffs on December 13 that while he is not in favor of high tariffs, he does not agree with maintaining one level of tariff rates for all products. He raised the idea that the GOI should provide incentives to foreign investors, including forgiveness in paying import tariffs on goods. On Iraq's progress on its World Trade Organization (WTO) accession, Soudani recently appointed Sami Khairallah as the GOI's Attache in Geneva and said that a WTO Chair was selected for Iraq's Working Party. The GOI is slow in implementing the investment law and needs to select a Chairman for the Investment Commission, which al-Soudani said is "very political." Soudani said that the implementing regulations would be issued by the Investment Commission and would need to be approved by the Council of Ministers (CoM). End summary.

TARIFFS

12. (C) In a meeting with Commercial Counselor, Econoff, and USAID Officer on December 13, Minister of Trade Dr. Abdul Falah al-Soudani said that the Ministry of Trade (MoT) participates on the inter-ministerial tariff committee, but that the tariff/customs legislation is the responsibility of the Ministry of Finance. When asked as requested by reftel (A), he said a measure to increase the tariff rate to ten percent went to the Council of Ministers, but no action was taken. While he is not in favor of high tariffs, he does not agree with a flat tariff rate either. He noted that under Saddam, tariffs on imported cars were approximately two hundred percent. He sees the tariff legislation as a way to raise the quality of imports. He is also interested in attracting foreign investment to Iraq and mentioned the idea of providing incentives, such as forgiveness in paying import tariffs on goods, as one possible strategy.

PROGRESS ON WTO ACCESSION

13. (SBU) Trade Minister al-Soudani said that he recently appointed Sami Khairallah as the Attache to Geneva to lead Iraq's World Trade Organization (WTO) accession. He said that Mr. Khairallah was brought out of retirement for this position. He noted that a Chair for Iraq's Working Party was selected. (Note: USTR confirmed on December 15, 2006 that the WTO General Council announced Claudia Uribe, the former

Colombian Ambassador to the WTO, as Iraq's Chair for its Working Party. End Note). He said he is interested in scheduling Iraq's first WTO Working Party as soon as possible, because Iraq needs to take its place in the international community. Emboffs stressed the importance of developing a legislative plan to submit to the WTO, also mentioning that USAID's Izdihar Project can help in this effort. Minister al-Soudani welcomed this assistance.

IMPLEMENTATION OF THE INVESTMENT LAW

14. (SBU) Al-Soudani said that selecting a Chairman for the National Investment Commission is "very political" and is taking some time as a result. The Prime Minister will select the Chairman, who also needs to be approved by the Council of Ministers (CoM). Soudani would not speculate on any potential names being floated. He said that the implementing regulations will be issued by the Investment Commission. He sees the local commissions as facilitators of investment and would, at least initially, be funded at the national level.

US-IRAQ BUSINESS DIALOGUE

15. (SBU) In response to a question on the status of the selection of Iraqi participants for the U.S.-Iraq Business Dialogue launched by Commerce Secretary Gutierrez and the Minister in July 2006, the Minister noted that his team has not yet made any selections. In regards to a potential early 2007 kickoff meeting the Minister expressed his willingness to consider a Kurdish venue.

BAGHDAD 00004607 002 OF 002

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